# QUALITY ASSURANCE PROCEDURE

## CONTROL OF COUNTERFEIT PARTS

## 1.0 PURPOSE

1.1 This procedure describes the process for the elimination of the receipt and unintentional delivery of counterfeit parts. It is designed to:

- Assist Purchasing in procuring parts from reliable sources,
- Assure authenticity and conformance of procured parts,
- Control parts identified as counterfeit,
- Report counterfeit parts to other potential users and Government Investigative authorities.

## 2.0 SCOPE

2.1 This procedure applies to all personnel involved in the procurement, receipt, manufacture and verification of product intended for customer use.

## 3.0 DEFINITIONS

3.1 **MATERIAL**: Refers to product, parts, assemblies and other procured items.

3.2 **MANUFACTURER**: Refers to the point of origin of any Material covered by this procedure. Point of origin includes factories, mills, foundries, mines, chemical plants, laboratories, etc.

3.3 **SUSPECT MATERIAL**: Items, or products in which there is an indication by visual inspection, testing, or other information that it may meet the definition of fraudulent Material or counterfeit Material provided below.

3.4 **FRAUDULENT MATERIAL**: Suspect items or products misrepresented to the customer as meeting the customer's requirements.

3.5 **COUNTERFEIT MATERIAL**: Fraudulent items or products that have been confirmed to be a copy, imitation or substitute that has been represented, identified, or marked as genuine, and/or altered by a source without legal right with intent to mislead, deceive or defraud.

## 4.0 RESPONSIBILITIES

4.1 Purchasing is responsible for ensuring that the risks associated with procuring materials are understood and controlled in order to reduce the likelihood that counterfeit parts will be purchased.

4.2 Quality is responsible for verifying incoming material in order to reduce the likelihood that counterfeit material will be introduced into the Production processes.

4.3 Quality is responsible to manage any discovered nonconforming material and to direct the corrective action process.

4.4 Contract Management is responsible to notify the appropriate customer and regulatory authorities in the event that counterfeit material is discovered and/or is incorporated into shipped goods.

## 5.0 PROCEDURE

### 5.1 Purchasing

**Purchasing shall:**

a. Assess potential sources of supply to determine their likelihood of delivering authentic and conforming material. Refer to Table I, Likelihood versus Impact of Counterfeit Risk as a tool to be used in performing assessment of supplier risk. Assessment actions may include surveys, audits, review of product alerts, and review of supplier quality data to determine past performance.

b. Utilize the register of approved suppliers, including the scope of the approval, to assure the highly-likely supply of authentic and conforming material.

c. Where applicable, specify a preference to procure directly from original manufacturers, authorized suppliers or other legally authorized sources who are on the register of approved suppliers.

d. Assure that approved/ongoing sources of supply are maintaining effective processes for assuring the delivery of authentic and conforming material. Refer to Table II, Traceability Requirements Mapped to Counterfeit Risk Assessments as a tool to be used when selecting the appropriate level of control based on the assessed risk level. Assurance actions should include a request of the adoption of processes which are in accordance with documents such as ISO 12931, and may include, where appropriate testing (destructive, non-destructive, functional, measurements, etc.), surveys, audits, review of product alerts, and review of supplier quality data to determine past performance.

e. Assess the likelihood that sources other than original manufacturers or authorized suppliers can deliver authentic and conforming material. Where applicable, this shall be accomplished and documented when it is necessary to procure from other than the original manufacturer or an authorized supplier.

f. Specify supply chain commodity and item level traceability, where appropriate, to the original or aftermarket manufacturer that identifies the name and location of all of the supply chain intermediaries from the material manufacturer (or mill/plant for raw materials) to the direct source of the product for the seller. If this traceability is unavailable or the documentation is suspected of being falsified, a documented risk assessment is required.

g. Specify flow-down of applicable requirements of this document to appropriate contractors, their sub-contractors, and distributors. In the event that one or more supply chain intermediaries do not have a material authenticity assurance plan compliant to this document, a risk analysis shall be considered for every application of the material.

### 5.2 Purchasing Information

5.2.1 Purchasing information shall specify contract/purchase order quality requirements to maximize the likelihood of being provided authentic and conforming material.

5.2.2 Procurement of material shall be subject to the applicable contract requirements pertaining to Fraud and Falsification (F&F).

### 5.3 Verification of Purchased Product

5.3.1 Through the Receiving Inspection process, Quality Assurance shall assure detection of any counterfeit material prior to formal product acceptance. The rigor of the verification process is to be commensurate with product risk. Product risk is determined by the criticality of the material and the assessed likelihood of receiving counterfeit material. Examples of verification actions include:

- Review of data deliverables.
- Visual inspection (including research on marking requirements.
- Item Unique Identification (IUID) scan.
- Testing.
- Non-destructive evaluation.
- Destructive testing.

5.4 **In-Process Investigation**

5.4.1 Any suspect, fraudulent or counterfeit material is to be controlled and investigated in accordance with the nonconforming material control and corrective action processes.

5.5 **Material Control**

5.5.1 All material utilized shall be traceable to the time and place of production. Records of material shall provide the degree of traceability required to enable verification, at any point from raw material to final product, of all aspects of material utilization and disposal, in accordance with contract requirements.

5.5.2 The documented processes shall specify methods for manufacturers to:

a. Control excess and nonconforming material to prevent it from entering the supply chain under fraudulent circumstances.

b. Control/destroy any suspect or confirmed counterfeit material to preclude its use or reentry into the supply chain.

c. Implement a process to ensure the supply chain is not compromised by any material being returned; manufactures/suppliers and their approved supply chain shall implement an effective anti-fraudulent/counterfeit returns process, which checks and validates all items returned as authentic.

5.6 **Reporting**

5.6.1 All occurrences of counterfeit material are reported, as appropriate, to internal organizations, customers, government reporting organizations, industry supported reporting programs, and criminal investigative authorities. Contract Management is to coordinate all reporting.

5.7 **Risk Assessment**

5.7.1 Table I, Likelihood versus Impact of Counterfeit Risk, is provided as guidance in determining Risk Levels when assessing supplier risk.

5.7.2 Table II, Traceability Requirements Mapped to Counterfeit Risk Assessments, is provided as guidance in mitigating risks identified in the supply chain.

**6.0 REFERENCES**

6.1 International Standard ISO 12931, Performance Criteria for Authentication Solutions Used to Combat Counterfeiting of Material Goods**.**

# Table I

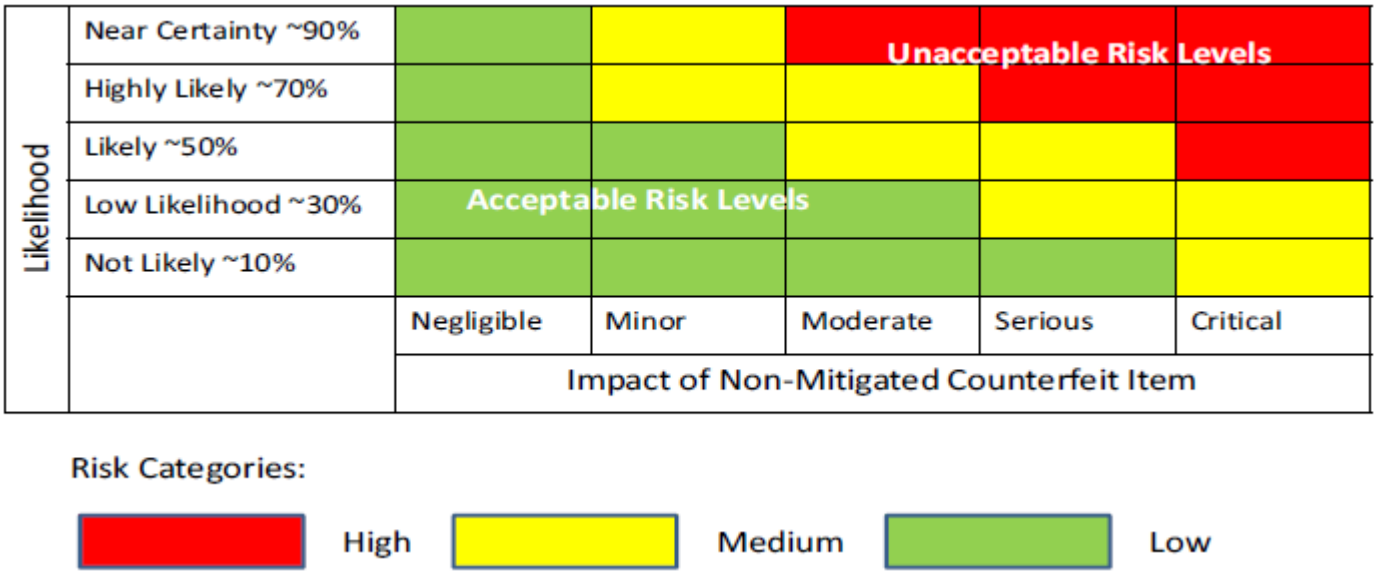
## Likelihood versus Impact of Counterfeit Risk

The **impact** of supply chain risk should be assessed on the following continuum:

a. Negligible - Easily mitigated.
b. Minor - Increases the cost of operations.
c. Moderate - Degrades the function, use or operation of the system.
d. Serious - Sabotage, or maliciously introduced unwanted function.
e. Critical - Results in injury or death of personnel, or significant destructive product damage.

The **likelihood** of counterfeiting occurrence should be assessed on the following continuum, see Figure A2:

a. Not Likely ~10% - Stable, high quality production base.
b. Low Likelihood ~30% - Isolated poor performance in second tier of production base.
c. Likely ~50% - Suppliers are exiting the production base.
d. Highly Likely ~70% - Diminishing sources and material shortages exist.
e. Near Certainty ~90% - Widespread degradation of the production base; frequent poor performance instances.



# Table II

## Traceability Requirements Mapped to Counterfeit Risk Assessments

Based on the risk level determined using Table I, select the appropriate level of part traceability to be applied to supplier material.

| Likelihood | | | | | | |
|---|---|---|---|---|---|---|
| | Near Certainty ~90% | Certificate of Authenticity | Process Audit/Review | Auditable Part History | OEM or OCM | OEM or OCM |
| | Highly Likely ~70% | Receipt Visual Inspection | Certificate of Authenticity | Verification Testing | OEM or OCM | OEM or OCM |
| | Likely ~50% | | Receipt Visual Inspection | Authorized Supplier | Auditable Part History | Auditable Part History |
| | Low Likelihood ~30% | | | Certificate of Authenticity | Verification Testing | Verification Testing |
| | Not Likely ~10% | | | Receipt Visual Inspection | Certificate of Authenticity | Certificate of Authenticity |
| | | Negligible | Minor | Moderate | Serious | Critical |
| | | Impact of Non-Mitigated Counterfeit Item | | | | |

Risk Categories:

High Medium Low

| REV | DATE | DESCRIPTION OF CHANGE | Modify BY |
|---|---|---|---|
| A | 03-01-18 | NEW RELEASE | B GOSSELIN |
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